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Multifamily Developer Confidence Increases in Second Quarter, Especially for Subsidized Affordable Housing

WASHINGTON, Aug. 7 – Confidence in the market for new multifamily housing increased year-over-year in the second quarter, according to the Multifamily Market Survey (MMS) released today by the National Association of Home Builders (NAHB). The MMS produces two separate indices. The Multifamily Production Index (MPI) had a reading of 46, up two points year-over-year, while the Multifamily Occupancy Index (MOI) had a reading of 82, up one point year-over-year.

The MPI measures builder and developer sentiment about current production conditions in the apartment and condo market on a scale of 0 to 100. The index and all its components are scaled so that a number below 50 indicates that more respondents report conditions are poor than report conditions are good.

The MPI is a weighted average of four key market segments: three in the built-for-rent market (garden/low-rise, mid/high-rise and subsidized) and one in the built-for-sale (or condominium) market. The component measuring garden/low-rise dropped three points to 50, the component measuring mid/high-rise units increased seven points to 36, the component measuring subsidized units jumped 10 points to 61 and the component measuring built-for-sale units posted a three-point decline to 35.

The MOI measures the multifamily housing industry's perception of occupancies in existing apartments on a scale of 0 to 100. The index and all its components are scaled so that a number above 50 indicates more respondents report that occupancy is good than report it is poor. The reading of 82 indicates existing apartment owners are positive about occupancy.

The MOI is a weighted average of three built-for-rent market segments (garden/low-rise, mid/high-rise and subsidized). All three components remain solidly in positive territory above 50: the component measuring garden/low-rise units increased two points to 84, the component measuring mid/high-rise units fell three points to 73 and the component measuring subsidized units rose five points to 90.

"Multifamily developer confidence and sentiment are showing slight signs of improvement when compared to this time last year," said Debra Guerrero, senior vice president of strategic partnerships and government affairs at The NRP Group in San Antonio and chairman of NAHB's Multifamily Council. "High interest rates, rising construction costs, limited land availability and restrictive local regulations are still significant issues in certain parts of the country. But confidence in subsidized affordable housing has shown considerable improvement in this survey, due in part to optimism surrounding the expansion of federal affordable housing resources flowing from the recent congressional reconciliation bill."

"An MPI that is up two points but still below 50 is consistent with NAHB's projection that multifamily starts will be modestly higher in 2025 compared to 2024, while remaining significantly below the number of units started in 2023," said NAHB Chief Economist Robert Dietz. "Multifamily starts are still

facing headwinds like higher interest rates and construction costs, but are becoming less constrained by the number of apartments under construction, which is falling back toward more historically normal levels.”

The MMS was re-designed in 2023 to produce results that are easier to interpret and consistent with the proven format of other NAHB industry sentiment surveys. Until there are enough data to seasonally adjust the series, changes in the MMS indices should only be evaluated on a year-over-year basis.

For additional information on the MMS, visit [nahb.org/mms](https://www.nahb.org/mms).

For more information on the NAHB Multifamily program, please visit NAHB Multifamily:
www.nahb.org/NAHB-Community/Community-Home/Multifamily.

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ABOUT NAHB: The National Association of Home Builders is a Washington-based trade association representing more than 140,000 members involved in home building, remodeling, multifamily construction, property management, subcontracting, design, housing finance, building product manufacturing and other aspects of residential and light commercial construction. NAHB is affiliated with 700 state and local home builders associations around the country. NAHB's builder members will construct about 80% of the new housing units projected for this year.



Multifamily Market Survey

Second Quarter 2025

Economics & Housing Policy Group

Introduction:

The National Association of Home Builders (NAHB) conducts a quarterly survey of its multifamily builder members that is used to generate the NAHB Multifamily Production Index (MPI) and the Multifamily Occupancy Index (MOI). The second quarter 2025 Multifamily Market Survey was sent to 1,482 multifamily developers. Responses were received from 81 of them.

To generate data for the MPI, the survey asks multifamily builders to rate the current conditions for multifamily starts in markets where they are active for four key market segments; three in the built-for-rent space (garden/low-rise, mid/high-rise, subsidized) and the built for sale; as “good”, “fair”, or “poor”. A component index is calculated from the percentage responses for each market segment using the formula $(\text{Good} - \text{Poor} + 100) / 2$. Each component index lies on a scale ranging from 0 to 100 with readings above 50 indicating that more respondents report conditions are improving than report conditions are getting worse. The overall MPI is a weighted average of the 4 components $(0.50 \times \text{Garden/Low-Rise} + 0.33 \times \text{Mid/High-Rise} + 0.12 \times \text{Subsidized} + 0.05 \times \text{Built-for-Sale})$.

To generate data for the MOI, the survey asks multifamily builders to rate the current conditions for occupancy of existing rental apartments in markets where they are active for three built-for-rent space market segments (garden/low-rise, mid/high-rise, subsidized) as “good”, “fair”, or “poor”. A component index is calculated from the percentage responses for each apartment class using the formula $(\text{Good} - \text{Poor} + 100) / 2$. Again, each component index lies on a scale ranging from 0 to 100 with a break-even point at 50, where higher numbers indicate increased occupancy. The overall MOI is a weighted average of the three components $(0.60 \times \text{Garden/Low-Rise} + 0.25 \times \text{Mid/High-Rise} + 0.15 \times \text{Subsidized})$.



TABLE 1
Multifamily Market Survey - Q2 2025
Multifamily Production Index (MPI)
(Not Seasonally Adjusted)

PRODUCTION OF NEW APARTMENTS

| | 2023 | | | | 2024 | | | | 2025 | |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 |
| <u>Multifamily Production Index (MPI)</u> | 50 | 56 | 38 | 41 | 47 | 44 | 40 | 48 | 44 | 46 |
| Garden/Low-Rise | 57 | 64 | 45 | 51 | 55 | 53 | 48 | 52 | 54 | 50 |
| Mid/High-Rise | 41 | 47 | 28 | 26 | 36 | 29 | 28 | 39 | 28 | 36 |
| Subsidized | 51 | 55 | 39 | 41 | 50 | 51 | 46 | 52 | 50 | 61 |
| Built for Sale | 42 | 45 | 32 | 43 | 39 | 38 | 29 | 42 | 38 | 35 |

MPI components are based on questions asking if current conditions for multifamily starts are good, fair, or poor.

Numbers in the table are diffusion-type indices - calculated from the percentage responses using the formula (Good - Poor + 100) / 2.

The overall Multifamily Production Index is a weighted average of the 4 components:

0.50×Garden/Low-Rise + 0.33×Mid/High-Rise + 0.12×Subsidized + 0.05×Built for Sale

The weights are derived from a statistical analysis of the relationship between the components and the American Housing Survey (AHS).

Source: Multifamily Market Survey, NAHB Economics and Housing Policy Group.

Multifamily Occupancy Index (MOI)

(Not Seasonally Adjusted)

OCCUPANCY OF EXISTING RENTAL APARTMENTS

| | 2023 | | | | 2024 | | | | 2025 | |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 |
| <u>Multifamily Occupancy Index (MOI)</u> | 82 | 89 | 82 | 77 | 83 | 81 | 75 | 81 | 82 | 82 |
| Garden/Low-Rise | 84 | 91 | 84 | 80 | 84 | 82 | 77 | 81 | 82 | 84 |
| Mid/High-Rise | 74 | 83 | 74 | 64 | 74 | 76 | 66 | 74 | 76 | 73 |
| Subsidized | 87 | 91 | 89 | 88 | 94 | 85 | 86 | 91 | 89 | 90 |

MOI components are based on questions asking if current conditions for occupancy of existing rental apartments are good, fair, or poor.

Individual occupancy indices are calculated from percentage responses using the formula (Good - Poor + 100) / 2.

The overall Multifamily Occupancy Index is a weighted average of the 3 components:

0.60×Garden/Low-Rise + 0.25×Mid/High-Rise + 0.15×Subsidized

The weights are derived from a statistical analysis of the relationship between the components and the American Housing Survey (AHS).

Source: Multifamily Market Survey, NAHB Economics and Housing Policy Group.

Change in Overall Market Conditions

Percent of Respondents

| | 2023 | | | | 2024 | | | | 2025 | |
|-----------------------|------|----|----|----|------|----|----|----|------|----|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 |
| Better | 5 | 15 | 5 | 14 | 9 | 12 | 7 | 10 | 14 | 12 |
| About the same | 67 | 70 | 61 | 63 | 64 | 63 | 71 | 69 | 70 | 65 |
| Worse | 28 | 15 | 33 | 23 | 27 | 26 | 22 | 21 | 16 | 23 |

Source: Multifamily Market Survey, NAHB Economics and Housing Policy Group.

Q2 2025 results based on 81 responses.

Figure 1: NAHB Multifamily Market Survey (MMS)
Multifamily Production Index (MPI)
(Not Seasonally Adjusted)

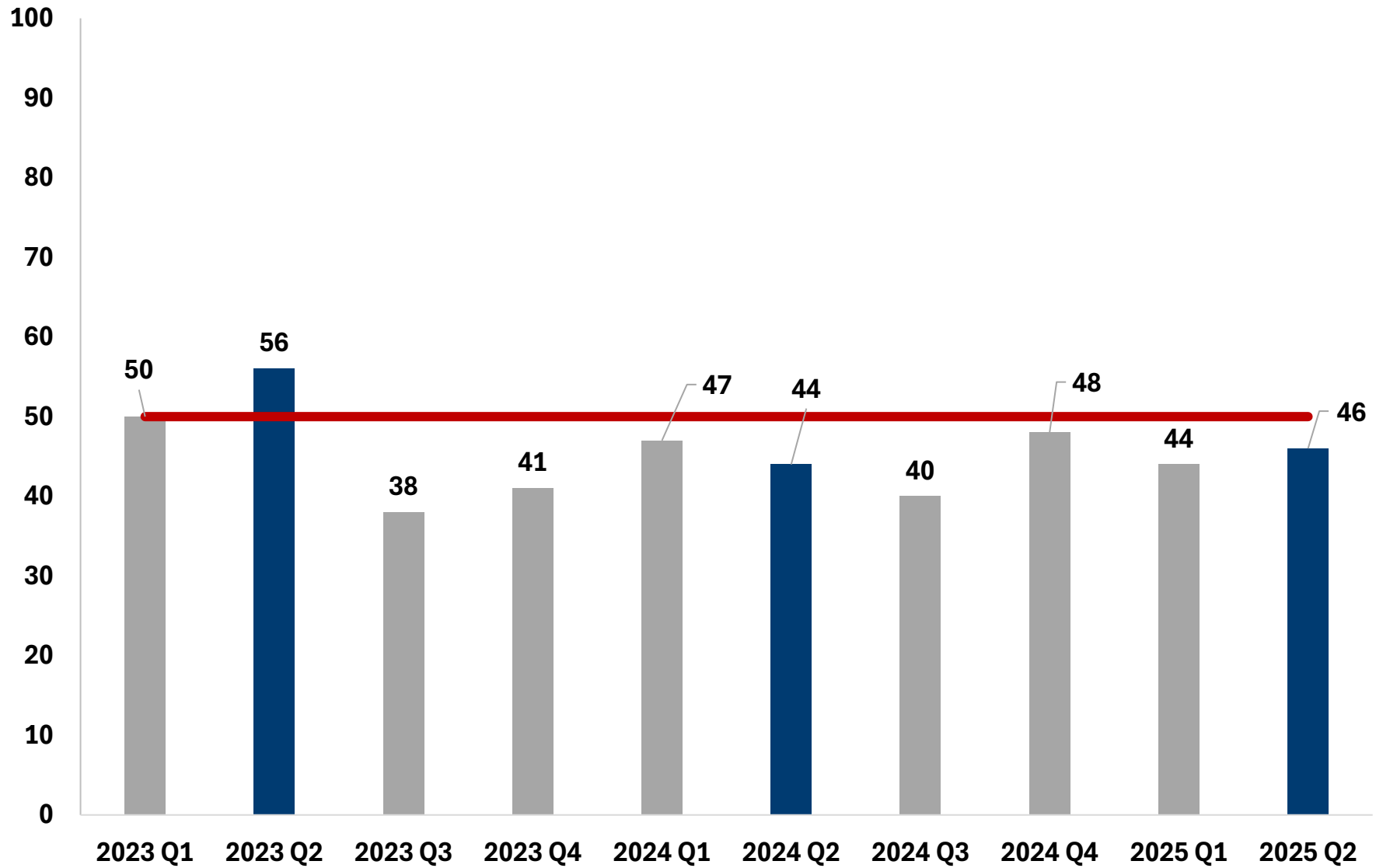
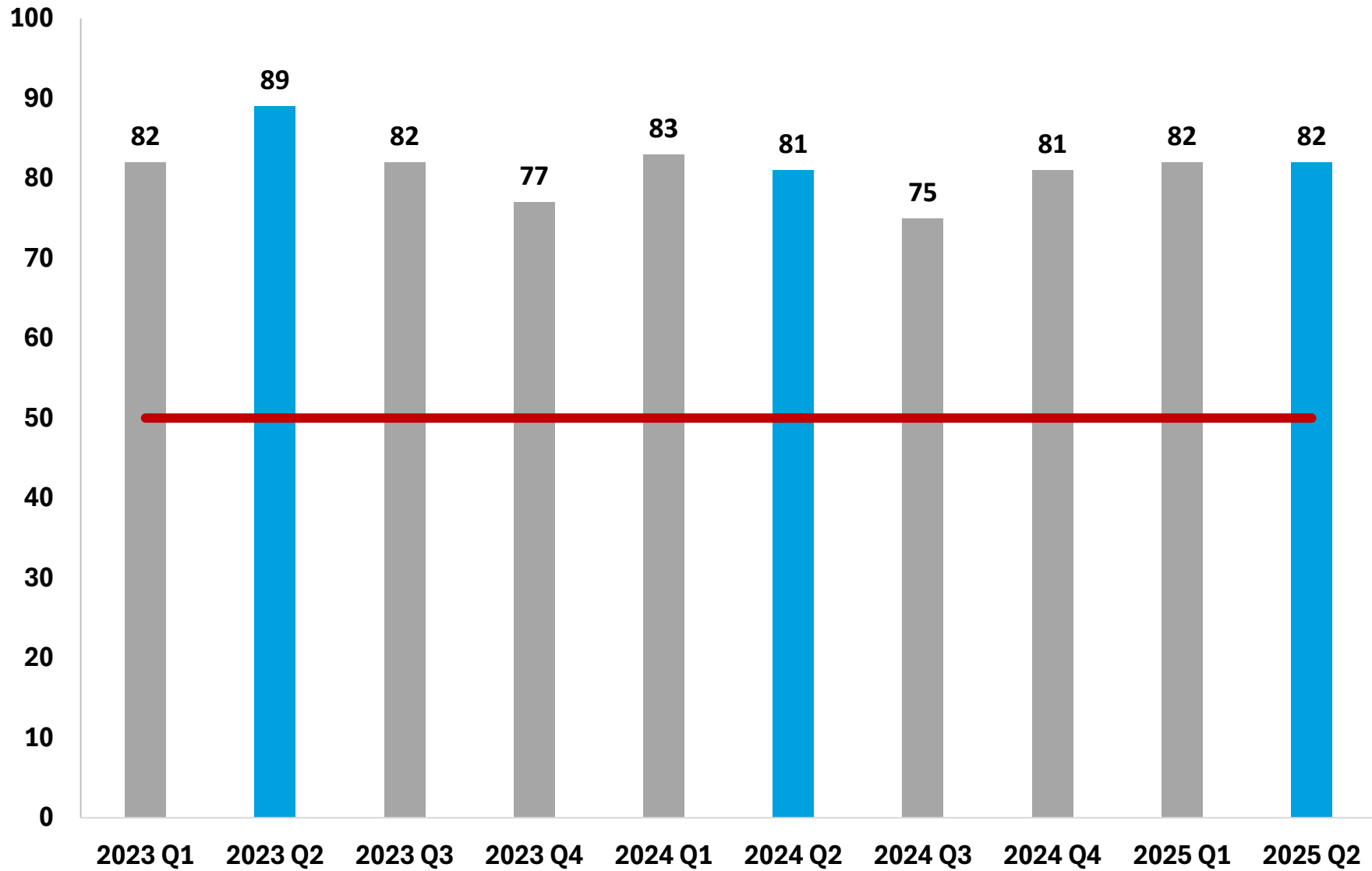


Figure 2: NAHB Multifamily Market Survey (MMS)
Multifamily Occupancy Index (MOI)
(Not Seasonally Adjusted)



National Association of Home Builders

Multifamily Market Survey

Second Quarter 2025

1. Please rate current conditions for multifamily starts in markets where you are active.

(OK. To leave a particular line blank if you don't have sufficient knowledge about that part of the multifamily market.)

| Multifamily Starts | Good | Fair | Poor |
|-----------------------|--------------------------|--------------------------|--------------------------|
| Built for Rent | | | |
| Garden/Low-Rise* | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Mid/High-Rise* | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Subsidized** | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Built for Sale | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

* Garden/Low Rise buildings are typically 1 to 4 stories; Mid/High-Rise buildings are typically 5 stories or higher.

** Subsidized apartments are those supported by tax credits, tax-exempt bonds, or other government subsidy programs.

2. Please rate current conditions for occupancy of existing rental apartments in markets where you are active.

(OK. To leave a particular line blank if you don't have sufficient knowledge about that part of the multifamily market.)

| Multifamily Rental Occupancy | Good | Fair | Poor |
|------------------------------------|--------------------------|--------------------------|--------------------------|
| Garden/Low-Rise Rental Apartments* | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Mid/High-Rise Rental Apartments* | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Subsidized Rental Apartments** | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

*Garden/Low Rise buildings are typically 1 to 4 stories; Mid/High-Rise buildings are typically 5 stories or higher.

** Subsidized apartments are those supported by tax credits, tax-exempt bonds, or other government subsidy programs.

3. How would you rate the overall market for multifamily housing in areas where you are active compared to three months ago?

| | | |
|--------------------------|--------------------------|--------------------------|
| Better | About the Same | Worse |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

4. Please let us know what is happening with multifamily housing in areas where you are active.
